

## **Gemstone Mining in Madagascar: transnational networks, criminalisation and global integration**

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## **Gemstone Mining in Madagascar: transnational networks, criminalisation and global integration**

This paper will examine the role of transnational criminalised networks in the gem sector in Madagascar<sup>1</sup> and how the very same processes that produce the exclusion and marginalisation evident in the poorest African states also create new forms of integration including the development of non-national economic spaces (Ferguson, 2006). Africa's participation in globalisation has not merely been about joining the world economy – it has in fact been marked by highly selective and spatially encapsulated forms of global connection which have been combined with highly visible and very real varieties of disconnection and exclusion (Ferguson, 2006: 15). Therefore, Ferguson notes that “when it comes to globalisation, Africa just doesn't fit the story line. It is an inconvenient case” (Ferguson, 2006: 26). This article will explore one specific way that Africa has been integrated into global economy through an analysis of the inter-related global and local networks involved in informal, or extra-legal, gem trading and extraction in Madagascar. This article will analyse how the impact of these networks might conform or contest the notion that exclusion and marginalisation are the *attached twin* (Ferguson, 2006: 17) of more conventional and positive understandings of globalisation.

Since the late 1990s Madagascar has been experiencing a boom in gem mining, especially high quality rubies and sapphires. However, the boom has been largely driven and controlled by illicit mining and transnational gem trafficking. In 1999 a World Bank Study found that US\$100 million in gems was smuggled out of Madagascar in that year alone.<sup>2</sup> This article will examine how such patterns of production and trade are produced by the inter-relationships of a specific locality (Ilakaka, Madagascar) with globalisation. It will then examine the economic, social and environmental impacts of this form of integration into the global economy, especially in gem mining areas. In sum, this article will investigate the complex and highly variable dynamics produced by globalisation, and their impacts on Madagascar.

### **Global Networks and Global Shadows**

In analysing the illicit economy it is clear that it requires us to rethink what is meant by global/local, legal/extra-legal and formal/informal. In general, these terms are used as binary opposites, but an examination of the gem trade from Madagascar indicates that these are far from being distinct categories; rather they are indivisible and constitute a single, complex whole. As Callaghy, Kassimir and Latham argue, the study of global politics has been infused with a fashionable framework that defines global and local as binary opposites, but that this is not enough to explain new *global formations*. Instead they argue that what is really compelling to look at is what lies silently between global and local, namely the structures and relations that emerge *in* the intersection of social phenomena that vary in range as well as in form (Callaghy,

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<sup>1</sup> This paper is based on field research conducted by Rosaleen Duffy in Madagascar in 2004, made possible through funding from the ESRC, grant number RES 000 22 0342. It was previously presented as a conference paper, Duffy, R., 'Redesigning the state? Political corruption in development policy and practice' ESRC/Global Poverty Research Group conference at Manchester University, 25 November 2005.

<sup>2</sup> 'Sapphires in the Sand', *Focus* (August 2000). For further information on the World Bank reports on Madagascar and the sapphire sector see: <http://www.worldbank.org/afr/wps/wp19/1.pdf>; and <http://www4.worldbank.org/afr/poverty/pdf/docnav/03298.pdf>. (accessed 5 September 2002).

Kassimir and Latham, 2001; Nordstrom, 2000). In turn this means that commonly used terms such as local/global, rural/urban, traditional/modern have lost much of their explanatory strength because Sub-Saharan Africa is characterised by numerous places and processes that produce a very diffuse sense of space (materially and mentally) (De Boeck, 1998: 799; De Boeck, 2001). In short – it is important to examine how the global and local impact on and shape each other.

In the context of Sub-Saharan Africa it is important to understand the ways that the continent has engaged with external actors, ranging from vibrant trading networks to European colonisation. In particular, the contemporary state in Africa is characterised by alliances between elite cliques and global economic interests, including private business, NGOs, donors and illicit trading networks. Bayart explains this through an analysis of the ways that the importation of a state system by European colonisers was resisted in various ways by African societies, which resulted in a complex mix, where African states resemble a rhizome rather than a root system. As a rhizome, the state is organised along patrimonial lines which stretch through society in a horizontal fashion, and has reappropriated the institutions that originated under colonial rule. State-society relations are then characterised by factional struggles, the rhizomatic nature of the state and patronage politics. Bayart calls this the ‘politics of the belly’, which refers to the way in which political elites use informal and invisible networks to exercise political and economic power (Bayart, 1993). Leading actors in Sub-Saharan Africa have compensated for a lack of autonomy by recourse to *strategies of extraversion*, and so the global economy has been turned into a major resource for political elites in Africa (Bayart, 2000: 219; and Bayart, 1993). For Bayart, the external environment is important in the structuration of African societies, and the strategies of extraversion are marked by the creation and capture of a rent generated by external dependency (Bayart, 2000: 225; Nordstrom, 2001; Nordstrom, 2004; also see Clapham, 1996).

Bayart’s analysis demonstrates how Sub-Saharan Africa is inextricably interlinked with the global economy. The ways that Africa is integrated with the global system has resulted in the creation of a patchwork of areas and networks are highly globalised which in turn produces real forms of exclusion and marginalisation. As Ferguson notes, large tracts of territory and rural populations have been abandoned by central governments on Africa in favour of linking more closely with the economic benefits and rents made available through international integration with donors, international financial institutions, NGOs and private businesses. This is particularly apparent in the ways that resource extraction (of minerals, especially oil) is organised and carried out by interlinked networks of private companies and elite cliques in African states (Ferguson, 2006; also see Hibou, 2004). The impact of such global networks is particularly important in terms of understanding the specific patterns of globalisation and how they are manifested in material ways in Sub-Saharan Africa. As De Boeck (1998) notes in his studies of diamond miners in Zaire/Democratic Republic of Congo working within Angolan territory, rural areas can be the site so visible integration with the global economy (through the export of stones and availability of consumer and luxury goods) while also producing new patterns of marginalisation, exclusion, insecurity and violence. For De Boeck the diamond areas on the borders of DRC and Angola reinvent capitalism in their own terms (de Boeck, 1998: 803; Bayart, 2000). This is important for understanding dynamics of gem mining and trading in Madagascar and how it reinvents or engages with globalisation in its own terms. In particular, rural areas that become sites of informal gem mining,

far from constituting a rural and marginalised periphery are in fact centrally located in the dynamics of the global economy (De Boeck, 1998: 799-803).

In examining these forms of globalisation it is clear that it is no longer useful to concentrate on understanding visible political and economic systems such as the state and the formal economy; instead it is more important to focus on an emergent set of shadow politico-economic systems (Reno, 1998). As Ferguson argues a shadow is not a poor copy of the original (in this case the formal neoliberal economies of the industrialised world); instead the shadow is an inter-related and *attached twin* of the original (Ferguson, 2006). In line with this, Reno's notion of shadow states is a very useful framework for understanding the politics of 'corruption' in the South. Reno's idea of the 'shadow state', which concerns the political management of informal markets in Sub-Saharan Africa is especially relevant for analysing the ways that globalised illicit networks have transformed the nature of states, politics and international relations in Africa. Reno's examination of the growth of informal markets suggests that they developed partially in response to the decay of central state authority, especially in Africa's weakest states. He argues that high-ranking politicians and businessmen constitute shadow states. Furthermore, they manage to exercise significant political authority through the private control of resources in informal and illicit markets (Reno, 1995; Reno, 1998; also see Nordstrom 2001; Nordstrom 2004; and Roitman, 2001).

Academic research has rarely focused on the shadow networks that constitute the illicit economy. As Bayart argues that it is important to understand African societies have a *pays legal*, a legal or formal structure which is the focus of attention for donors and Western states, but there is also an informal *pays reel* where real power lies (Bayart: 2000: 230). It is in examining the illicit economy that we can analyse the complex links between the formal and informal economies, criminalised networks and politics in the Sub-Saharan Africa (Nordstrom, 2001; Nordstrom, 2004; also see Bayart, Ellis and Hibou, 1999; and Roitman, 2001). This article will now turn to an exploration of the impact of illicit sapphire mining and trading in Ilakaka to provide an analysis of the contours and dimensions of globalisation as a process which integrates Africa with the rest of the world economy in very specific ways which can be highly destructive, but which also produce highly beneficial outcomes for some individuals and networks (de Boeck, 1998).

### **Gemstones in Madagascar**

Since the late 1990s Madagascar has become identified as a site of rich deposits of gemstones and semi-precious stones. It contains a wide variety of minerals including gold, nickel, bauxite, iron, chromite, titanium oxide, beryl and quartz amongst others. The major investors in mining in Madagascar include Qit Minerals Madagascar (a division of Rio Tinto), which is engaged in titanium dioxide mining in southern Madagascar,<sup>3</sup> and Canadian company, Dynatec, which has invested in a nickel mine in Ambatovy.<sup>4</sup> Until 2003 it was thought that Madagascar had no diamonds, but in that year a mining company with an exploration permit for areas in South-Central

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<sup>3</sup> *Madagascar Titanium Dioxide Project Approved* <http://www.riotinto.com/media/media.aspx?id=896> (accessed 09.06.06).

<sup>4</sup> *Madagascar's Conservation Conundrum* BBC News 11.04.04, <http://news.bbc.co.uk/1/hi/world/africa/4433817.stm>; [www.dynatec.com/ca](http://www.dynatec.com/ca) (accessed 12.06.06); South African companies have also invested, including Impala Platinum, see [www.implats.co.za](http://www.implats.co.za) (accessed 09.06.06)

Madagascar found two diamonds of 23 carats and 9 carats each.<sup>5</sup> Since then, one Canadian mining company, Majescor has been attracted to Madagascar because a number of diamonds of up to 23 carats having been recovered by sapphire miners engaged in artisanal alluvial diggings; as a result Majescor has joined with De Beers to begin diamond exploration in north western Madagascar.<sup>6</sup> This has sparked investment in exploration by two other Canadian companies, Pan African Mining and Diamond Fields International.<sup>7</sup> However, so far it is Madagascar's sapphires and rubies which have become the most important in terms of being major sources of revenue: the stones have been judged as the highest quality, and as global demand for coloured gemstones increases they could be a growing source of revenue to the government and private mining companies.

The Government of Madagascar, along with international actors such as the World Bank and USAID, have argued that if gem mining were properly regulated and carried out by international mining companies then the revenue could be used to invest in economic development for the benefit of Madagascar as a whole.<sup>8</sup> This is in line with notions of 'developmental states', originally applied to East Asian tiger economies, but more recently used to describe the diamond-driven economic development of Botswana. (Taylor, 2003). However, Madagascar's sapphires and rubies are found in alluvial deposits, making them much more accessible so that organised and commercial mining operations are not necessary to extract the gems. Given this accessibility, gem mining and trading have proved especially difficult to control. It is clear that the gems in Madagascar constitute 'lootable' resources and so their extraction is very difficult to control. Nevertheless, the World Bank, in conjunction with the President of Madagascar, Marc Ravalomanana (elected in 2002) have embarked on an ambitious programme to attempt to gain control over gem mining. This article will now turn to an analysis of the attempts to gain control of gemstone extraction.

### **Mineral Resources Governance Project**

Prior to 2002 donors and international financial institutions had little confidence in the Ratsiraka Government in Madagascar. It was regarded as highly corrupt and ineffective, and in many ways the post independence period was marked by the development of what Reno calls a shadow state (Reno, 1998). Prior to 2002, during the Ratsiraka regime, government reluctance to control gem mining and smuggling was considered to be related to the ways that key individuals and their families benefited from the illegal gem trade. This created a perception that decision-making had been moved out of the control of the formal state apparatus and into the domain of an informal and shadow network (see Reno, 1995, 1998; Bayart, 2000). Despite the claims to increase transparency and reduce corruption, the networks that flourished in this period have remained important since the Ravalomanana government took over in 2002, despite a policy commitment to reduce corruption. This expansion of informal

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<sup>5</sup> Interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo 16.03.04.

<sup>6</sup> <http://www.majescor.com/e/properties/madagascar/> (accessed 10.06.06)

<sup>7</sup> <http://www.diamondfields.com/s/Madagascar.asp> (accessed 10.06.06) Diamond Fields International also works in Liberia, Namibia and Greenland; <http://www.panafrican.com/home.htm> (accessed 10.06.06); <http://www.resourceinvestor.com/pebble.asp?relid=9639> (accessed 12.06.06)

<sup>8</sup> Interview with Tom Cushman, Manager/Adviser, Institute of Gemmology of Madagascar, Antananarivo 18.03.04; interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04; and interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo 16.03.04.

networks of gem dealers are sustained by integration with global networks; such complex global and local networks then present a challenge to external forms of governance, such as the Mineral Resources Governance Project.

The new Ravalomanana Government made fighting corruption a major theme of its administration. The World Bank responded by re-engaging with Madagascar after suspending its support during the 2002 presidential crisis.<sup>9</sup> For example, in 2003 it provided a US\$32 million loan to help the country manage its minerals more effectively, through the Mineral Resources Governance Project (administered through the Ministry of Energy and Mines). This is a five year project which runs from 2003 to 2008 and is funded primarily by the World Bank, with further financial support from USAID, the South African Government and the French Government. According to the World Bank the main objective of the project is to assist the Government of Madagascar in implementing its strategy to accelerate sustainable development and reduce poverty in Madagascar through the strengthening of governance and transparency in the management of mineral resources, with special emphasis on small-scale and artisanal mining. The project consists of four components: strengthening transparency and governance in mining; key institutional reforms for the decentralised management of mineral resources; promoting private investments and value-added in the sector; and project coordination and management.<sup>10</sup> This is a key shift in donor attitudes towards Madagascar, which had previously been reluctant to provide much capital in the form of loans and aid to the pre-2002 Ratsiraka regime; it is clear that the donor community has been more confident about the capacities and transparency of the post 2002 government under Marc Ravalomanana.<sup>11</sup> Equally, the Government's apparent willingness to deal closely with IFIs appears to be a fundamental change in outlook when compared with the previous Ratsiraka Government. However, it should be noted that the Mineral Resources Governance Project provides the framework under which a newly installed network of elites can gain control over revenues from a potentially lucrative gem sector. It remains to be seen if Government control over the gem sector leads to genuine reinvestment in national economic development or if it will provide resources to secure support from specific and narrow patronage networks. It is, as yet, difficult to determine if this constitutes a genuine and long term shift in the Government's position and policy actions.

Part of the Mineral Resources Governance Project is to establish a clear legal framework to regulate the application procedures for exploration licences. The Project aims to set up a 'user friendly' legal framework so that Malagasy and foreign investors are encouraged to invest in mineral exploration in Madagascar; as a result the Government of Madagascar has established *Socmin* which acts as a 'one stop shop' for potential investors where they can obtain relevant information on gem deposits and apply for exploration and mining licences. To facilitate this, the Ministry of Mines and Geology has produced a CD-Rom which contains relevant information for foreign and Malagasy businesses interested in mining; the CD-Rom provides advice on how to apply for mining exploration licences in areas that are outside

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<sup>9</sup> 'Blue Dreams in a World of Red Clay', *Financial Times* (18 August 2001); *Down to Business in Madagascar*, BBC News 25.03.05 <http://news.bbc.co.uk/1/hi/world/africa/4382733.stm>.

<sup>10</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20111634~menuPK:34470~pagePK:34370~piPK:34424~theSitePK:4607,00.html> (accessed 02.06.06)

<sup>11</sup> Interview with Tom Cushman, Manager/Adviser, Institute of Gemmology de Madagascar, Antananarivo 18.03.04; *Down to Business in Madagascar*, BBC News 25.03.05 <http://news.bbc.co.uk/1/hi/world/africa/4382733.stm>

national parks and forest reserves. The Governance Project is intended to produce transparency and accountability in the gem sector to ensure that new exploration licences are not given on a corrupt basis.<sup>12</sup> The project has also supported the creation of an Institute of Gemmology linked to the Gemmological Institute of America. The Institute provides training for Malagasy graduates who are interested in working in the mining sector; this is intended to develop a lapidary arts sector in Madagascar to ensure that the country can capture the full value of polished stones for sale to the global gem market.<sup>13</sup> The Malagasy state, in conjunction with the World Bank and other donors, has also begun to turn its attention to identifying new gem mining areas and trying to obtain control over the extraction of mineral resources in those areas from the outset.<sup>14</sup> Tom Cushman from the Institute of Gemmology in Madagascar suggested that the new Malagasy government was attempting to ‘get ahead of the curve’ on future gem rushes,<sup>15</sup> indicating an acceptance that areas where gem rushes have already occurred will remain beyond the boundaries of control.

As part of this, the major portion of the World Bank funding has gone into developing a geological survey of Madagascar, carried out by USAID. In addition, in 2004 USAID produced a map of the country’s potentially rich gem areas, which was intended to show which areas would be suitable for the sale of government-controlled prospecting permits to international gem mining companies.<sup>16</sup> As a result, some areas have been designated as ‘reserved’ where companies and individuals can apply for permits to explore under the new Mineral Resources Governance Project.<sup>17</sup> The aim is to ensure that mining is regulated so that it provides revenue to the Government as well as to private mining companies. For a standard exploration permit the company or individual must undertake an environmental impact assessment, and only once this is approved will they be given an exploration licence. For larger scale mining by companies, the company also has to refer to the Poverty Alleviation Strategy for Madagascar and provide a plan for how their mining operation will contribute to poverty reduction within the country.<sup>18</sup> The creation of this new legal framework is intended to provide the Malagasy Government and private sector with the means to gain control over the gem sector so that they can capture the value of gemstones.

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<sup>12</sup> Interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo 16.03.04.

<sup>13</sup> ‘Gem Industry in Need of Regulation’, IRIN News (18 September 2003), [IRIN@irinnews.org](mailto:IRIN@irinnews.org). Also, interview with Tom Cushman, Manager/Adviser, Institute of Gemmology of Madagascar, Antananarivo 18.03.04; interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04; and interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo 16.03.04.

<sup>14</sup> Interview with Tom Cushman; and interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo 16.03.04.

<sup>15</sup> Interview with Tom Cushman, Manager/Adviser, Institute of Gemmology of Madagascar, Antananarivo 18.03.04.

<sup>16</sup> Interview with Dr. Helen Crowley, Country Director, Madagascar Programme, Wildlife Conservation Society, Antananarivo 25.03.04; interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04.

<sup>17</sup> Interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04.

<sup>18</sup> Interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo, 16.03.04. The Ministry also provides licences for small scale artisanal mining, which is mostly located near Antsiranana in northern Madagascar and which is centred on gold.

### The Development of Gemstone Mining in Madagascar

Despite these recent attempts to gain control, the ways that the gem sector has developed in Madagascar since the late 1990s makes the implementation of formal and transparent governance systems an extremely difficult task. Even though the new Government has backed the Mineral Resources Governance Project, the major gem deposits are still extracted by miners who work in the extra-legal sector. These miners are interlinked with globalised networks of international dealers and elite cliques who ensure that the stones can be illegally exported for personal financial gain. Such networks engage in *strategies of extraversion* which produce the shadow economy which integrates Ilakaka in Madagascar with the global economy (Bayart, 2000; Reno, 1998; Ferguson, 2006). The Director of Mines and Geology under the new Ravalomanana Government suggested that under the previous Ratsiraka Government the allocation of mining licences and exploration permits was done on a corrupt basis which depended on the 'mood' of the Minister. He claimed that prior to 2002 approximately 80% of licences were allocated according to the highest bidder, and that licences would be given to one individual or company and then another licence would be issued to mine the same location because the applicant had paid the minister more money.<sup>19</sup> The Director of Mines and Geology also suggested that partly because of the ways that the gem sector had developed under the previous government, in 2004 approximately 80% of stones were still being exported as rough stones, and only 20% as cut stones; the World Bank funded Mineral Resources Governance Project set a target that 80% should be cut stones and 20% rough stones and that these should be exported through legal and transparent channels.<sup>20</sup> Of course it is understandable that the current minister might be critical of the practices of the previous regime, however it is clear that the patterns of corruption associated with the Ratsiraka years still structure the way the gem industry operates. In many ways it is indicative of the location of power: the allocation of licences lay with the *pays real* rather than the *pays legal* (Bayart, 2000). Since Ravalomanana has only been in power for three years it has not been possible to completely change the personnel operating within the bureaucratic structures of government. Once the new Government took over it was still reliant on many of the same personnel that served under Ratsiraka. Therefore, it is inevitable that the networks and dynamics developed in the years preceding 2002 would not disappear overnight. In fact one ambassador to Madagascar complained that opposition groups were attempting to undermine the Government by placing stories in national newspapers claiming that civil servants still loyal to the Ratsiraka regime were engaged in undermining the new government 'from within'.<sup>21</sup>

In order to understand this it is important to examine the logic of 'gem rushes' and how the gem sector developed into its current form. In this regard the case of Ilakaka is instructive. It echoes the arguments made by Bayart (1993; 2000), Reno (1998), Hibou (2004) and Ferguson (2006) because Ilakaka as a 'locality' is a highly globalised place and thereby disrupts strict definitions of local and global, formal and informal, legal and illegal (De Boeck, 1998). Ilakaka town rapidly developed in the late 1990s, after the discovery of high quality sapphires. It was estimated that the population of Ilakaka town increased from 30 people to a population of 100,000

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<sup>19</sup> Interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo, 16.03.04.

<sup>20</sup> Interview with Pomphile Rakotoarimanana, Director of Mines and Geology, Ministry of Mines and Geology, Antananarivo, 16.03.04.

<sup>21</sup> Anonymous interviewee.



between 1998 and 2000.<sup>22</sup> By 2004 the gem mining areas covered 4000 square kilometres.<sup>23</sup> More recently, as Ilakaka has become a very large mining centre, new areas have been subject to exploration by more recent migrants to the area, especially around Sakahara and the WWF-funded Zombitse-Mahafaly National Park, just south of Ilakaka.<sup>24</sup> In addition, the staff of Catholic Relief Services working in the area have reported an increase in the use of what they referred to as ‘sorcery’ where diggers request the services of spiritual leaders to identify sites that are *fady* (taboo) and areas that might contain rich deposits of stones (see West, 2005); as a result there are a numerous stories, myths and legends about curses on individuals and suspicions surrounding the reasons why some diggers discover rich gemstone deposits.<sup>25</sup>

The sapphires are considered to be amongst the highest quality in the world and in general sapphire mining promises opportunities of instant wealth to Malagasy people living in poverty. Serge Rajaobelina, the Director of a Malagasy NGO, Fanamby, suggested that many of the 3000 artisanal gold miners from northern Madagascar migrated to the Ilakaka and Sakahara area when news of the gem fields reached them.<sup>26</sup> Since the gemstones can be extracted by individuals and teams of diggers using nothing more complex than a spade, the poorest sections of Malagasy society have been migrating to Ilakaka because of the promise, or hope, of instant riches. However, the money made by diggers is minor compared to the profits made by international gem dealers in Ilakaka town and global gem dealers in Europe and Asia. A World Bank Study in 1999 found that US\$100 million in gems was smuggled out of Madagascar in that year alone.<sup>27</sup> One interviewee involved in the gem mining sector estimated that the value of illegal gemstone exports had remained at approximately US\$100 million per annum since then, but that this was a small amount compared with the profits that might be available to the Government from regulating the extraction of industrial minerals such as titanium dioxide by Qit Minerals Madagascar/Rio Tinto.<sup>28</sup>

In general, the migrant sapphire miners have little ability to judge the quality of the stones they bring into Ilakaka town to sell. This puts the foreign gem dealers into a very powerful position: they are able, for instance, to claim that a stone has imperfections that will make it hard to cut. In general, the diggers get a very low price for the stones they find, but because they are cash-poor even a small amount of money is worth working for.<sup>29</sup> Since the mining and trade in gems are largely illegal, the

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<sup>22</sup> Big Hopes for Madagascan Sapphires’, *Financial Times* (18 August 2000); also see Laurs, B.M (2003) ‘Featured Gem News International: Update on Sapphires, Pezzottaite, and Other Gems from Madagascar’ *Gems and Gemmology: The Quarterly Journal of the Gemmological Institute of America* Volume 39, Issue 3,

[http://www.gia.edu/gemsandgemology/18578/18175/1969/back\\_issue\\_article\\_detail.cfm](http://www.gia.edu/gemsandgemology/18578/18175/1969/back_issue_article_detail.cfm)

<sup>23</sup> Interview with Tom Cushman, Manager/Adviser, Institute of Gemmology of Madagascar, Antananarivo 18.03.04.

<sup>24</sup> Interview with Joanna Durbin, Director of the Madagascar Programme, Durrell Wildlife Conservation Trust, 31.03.04; Joanna Durbin previously worked for WWF-Madagascar in the Zombitse-Mahafaly Park.

<sup>25</sup> Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04.

<sup>26</sup> Interview with Serge Rajaobelina, Director of Fanamby, Antananarivo, 26.03.04.

<sup>27</sup> ‘Sapphires in the Sand’, *Focus* (August 2000). For further information on the World Bank reports on Madagascar and the sapphire sector see: <http://www.worldbank.org/afr/wps/wp19/1.pdf>; and <http://www4.worldbank.org/afr/poverty/pdf/docnav/03298.pdf>. (accessed 5 September 2002).

<sup>28</sup> Anonymous Interviewee; also see [www.riotinto.com](http://www.riotinto.com).

<sup>29</sup> Interview with Joseph Ramamaonjisoa, Director of Conservation, WWF-Madagascar, Antananarivo, 29.08.01.

diggers have no recourse to appeal to if they believe they are getting an unfair price for their stones.<sup>30</sup> The buyers are able to make large profits from working in Ilakaka because they are able to set the price for stones, and the buyers tend to cooperate to ensure that the prices paid to diggers are low, while the final polished version will sell of the highest price once it has been taken out of Madagascar. The Director of Conservation for WWF-Madagascar, which works in an area adjacent to the Ilakaka gem fields, Isalo National Park, suggested that the buyers co-operate over setting prices to ensure that diggers cannot go from buyer to buyer looking for a good price; instead, he claimed, that buyers who ‘broke ranks’ and started to offer higher prices to diggers would be in personal danger.<sup>31</sup> Again this indicates that the networks involved in gem extraction in Madagascar have gained control over the local economy and are able to use symbolic or actual violence to enforce that control (De Boeck, 1998; Ferguson, 2006; Reno, 1998; Nordstrom, 2004). It is clear that the mining is not disorganised and haphazard. Rather the mining undertaken by seemingly disorganised and unconnected individuals is structured by the alliances between key members of the Malagasy elite and the international gem dealers who have established gem buying centres and stalls in the Ilakaka area.

### **Global Networks and Parallel Economies**

It is useful to use Bayart’s notion of *pays reel* to examine the workings of illicit mining and gem trafficking (Bayart, 2000). Although it might look anarchic and chaotic from one perspective, it clearly has a logic and organisational form that operates through networks of miners, gem traders, state officials and international business. Furthermore, an analysis of the nature of these networks indicates that it is not useful to think of Ilakaka as a bounded ‘locality’, it is at once a local site and a global site characterised by a high degree of integration into the global economy (see De Boeck, 1998). Ilakaka provides an excellent site for studying extra legal sapphire mining and its relationship to clandestine networks of international business and local politicians is especially illuminating. The continued ability to mine sapphires around Ilakaka is directly dependent on global networks of foreign gem dealers that traffic the stones out of southern Madagascar (with the assistance of Malagasy individuals) and into the international trade.

The organisation of illicit sapphire mining is complex and intermixes global and local networks: it conforms to Reno’s notion of the shadow state as constituted by high-ranking politicians and businessmen linked to global networks which in turn underwrite their power and authority within a particular location (Reno, 1998). One interviewee who preferred to remain anonymous suggested that under his Government, the Ratsiraka family had organised groups of impoverished diggers as cheap labour to dig big holes searching for rubies in Vatomandry in eastern Madagascar and sapphires in south-central Madagascar; and then the Ratsiraka family sold the gems on the international market for personal profit.<sup>32</sup> One interviewee claimed that especially under the Ratsiraka Government, prominent members of the ruling elite and the president’s family were able to exploit ruby deposits with the knowledge and co-operation of foreign companies that were willing to exploit

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<sup>30</sup> ‘Prospectors and Poverty Mar an Island Paradise’, *Financial Times* (3 February 2001); also Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04.

<sup>31</sup> Interview with Joseph Ramamaonjisoa, Director of Conservation, WWF-Madagascar, Antananarivo, 29.08.01.

<sup>32</sup> Anonymous interviewee.

corruption and lack of regulation in the gem sector.<sup>33</sup> In Ilakaka economically impoverished Malagasy men travel to the gem areas to seek employment; they either work alone or are organised through clandestine networks headed by individuals within the Malagasy elite. The diggers then sell their unpolished stones to gem dealers (usually Thai, Sri Lankan or Indian, but also African, European and North America) who have established a gem buying business in the sapphire areas. Finally, the gem buyers traffic the stones out of Madagascar through airports or by sea, with assistance from key individuals within relevant customs departments, government agencies and local businesses.

Illicit sapphire mining is thus highly dependent upon these complex clandestine or shadow networks that include international actors and local Malagasy from all sections of society. However, it is clear that despite the illegal export of the stones, there were individuals and sections of society within Madagascar which did (and still do) profit from the trade. One interviewee who worked in the mining sector claimed that 500,000 people were making money in some way from the extra-legal mining industry, which made it the second largest employer in the country behind agriculture. That revenue had an impact on the direction and pace of other developments in Madagascar, particularly in urban areas where new found wealth from the parallel economy in gems was funnelled into purchasing luxury imported goods and property development, including the establishment of new casinos and hotels.<sup>34</sup> These networks have proved to be highly resilient, flexible and adaptable, and remain in place despite the change in Government in 2002. They have managed to evade attempts at control under the Mineral Resources Governance Project partly because they are embedded within globalised networks that cross-cut and challenge the agendas of the formal state apparatus, donors, NGOs and international financial institutions. Sapphire mining in Ilakaka is linked with global networks of gem dealers and smugglers that stretch into Sub-Saharan Africa (Rwanda, Mauritania, South Africa and the Democratic Republic of Congo), Asia (Sri Lanka, Laos, Thailand and Burma)<sup>35</sup> and on to Europe. These global networks rely heavily on invisible economic and political networks of elites within Madagascar that intersect with, and are almost indistinguishable from, the formal apparatus of the state (Bayart, 2000; Reno, 1998; Hibou, 2004; Bayart, Ellis and Hibou, 1999).

The confusion and unregulated situation in and around Ilakaka provides perfect conditions for a shadow state to thrive. The pre-2002 Ratsiraka government failed to determine how many sapphires were in the area, what their value was, or how they were being mined. This allowed for wildcat illegal mining to develop and for criminal networks to flourish.<sup>36</sup> Tom Cushman of the Institute of Gemmology in Madagascar stated that Thai and Sri Lankan buyers have a very clear presence in Ilakaka but that traders were drawn from all over the world.<sup>37</sup> This is evident from the physical characteristics of Ilakaka town itself: shops in Ilakaka town have names such as Thai-Mada Cooperation, Congo Gems, Colombo Gems and Sri Lanka Saphir. The names of the shops bear witness to Ilakaka's close links with transnational

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<sup>33</sup> Anonymous interviewee.

<sup>34</sup> Anonymous interviewee.

<sup>35</sup> <http://www.thaigem.com/email/gemscoop/gemscoop135.html> (accessed 02.06.06). Also see Duffy (2005).

<sup>36</sup> For further discussion, see 'Prospectors and Poverty Mar an Island Paradise', *Financial Times* (3 February 2001).

<sup>37</sup> Interview with Tom Cushman, Manager/Adviser, Institute of Gemmology of Madagascar, Antananarivo 18.03.04; <http://www.thaigem.com/email/gemscoop/gemscoop135.html> (accessed 02.06.06).

trading routes and broader processes of globalisation. Furthermore, Thailand and Sri Lanka have developed a global reputation for specific expertise in grading, polishing and selling rubies and sapphires in particular (Macfarlane, Tallontire and Martin (2003: 58-71).

It is impossible to place a precise value on the stones that are traded in Ilakaka each day, but one rough estimate was that US\$ 4 million worth of stones changed hands each day in 2001 when trading in Ilakaka was at its height.<sup>38</sup> Despite this massive cash flow in southern Madagascar, the value of the Malagasy franc continued to fall against the US dollar. Rather than feeding into the formal economy, the income generated from the gem sector remains locked in an informal and illegal economy which is populated by gem dealers, criminal organisations, protection racketeers, miners and individuals in the Malagasy elite. While the biggest traders are foreigners, rumours have abounded that top Malagasy officials and members of Ratsiraka's family have been able to siphon off large profits from the illegal gem sector before and after the change in Government.<sup>39</sup> In sum, the illicit economy surrounding Ilakaka and the development of the shadow state in Madagascar are intimately linked with the global economy (see Reno, 1998; Ferguson 2006). The illicit gem sector demonstrates that this is a broad and systematised process of corruption. In turn these economic and political processes are sustained by globalised networks are attached to the formal economic system, and in many ways are so inter-related that they are indistinguishable from more recognisable forms of globalisation (Ferguson 2006; De Boeck, 1998; De Boeck, 2001).

### **Globalisation, Marginalisation and Exclusion**

As Ferguson (2006) notes globalisation in Africa produces benefits for some networks and groups, but its attached twin is characterised by marginalisation, violence and exclusion. These forms of globalisation produce locally specific problems in Ilakaka in particular, and in Madagascar more generally. The current structure of the gem mining and trading sectors has created numerous economic and social problems. This is in line with Ferguson's (2006) argument that capital hops and skips across Sub-Saharan Africa so that it produces exclusion, marginalisation and social problems within specific locations. The area is marked by high levels of integration in global economy through gem trafficking, however it is equally characterised by poverty, marginalisation and exclusion. Rather than seeing such marginalisation as the attached twin of globalisation, in Ilakaka it forms part of a single integrated whole. Ilakaka is not an area that capital skips over or ignores; nor does it conform to the model of extractive enclave which characterises mineral extraction (especially oil). As such it does not quite fit the models put forward by Ferguson (2006) where there are spatially separated areas of marginalisation (marginal and poverty stricken areas) and integration (extractive enclaves). Instead it is clear that the impact of globalisation is highly uneven and variable so that for certain individuals and networks it means integration in the global economy, plus significant wealth. In contrast, for other individuals and networks, the ways that Ilakaka is drawn into the global economy leads to a greater degree of poverty, marginalisation and exclusion. Ferguson's (2006) argument suggests that capital skips across Sub-Saharan Africa creating spatially

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<sup>38</sup> Interview with Tom Cushman, Manager/Adviser, Institute of Gemmology of Madagascar, Antananarivo 18.03.04; interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04; and see 'Sapphires in the Sand', *Focus* (August 2000).

<sup>39</sup> Anonymous interviewee; also see 'Blue Dreams in a World of Red Clay', *Financial Times* (18 August 2001).

separated zones of wealth and integration or zones of poverty and marginalisation. However, the case of Ilakaka indicates that such zones are not spatially segregated, but in fact inhabit precisely the same geographical locations. For example, when miners get a good price for their finds, sale of the stones gives them instant access to cash, which even in small amounts makes a big difference to individuals. Beatrice Olga Randrianarison of Catholic Relief Services which has worked in Ilakaka (since it experienced its first gem rushes) suggested that the cultures surrounding the mining areas means that few people really value money because one day they have nothing and after a good sale they suddenly feel rich and spend the money very quickly.<sup>40</sup> Rumours of sapphires the size of footballs and of fortunes made in a single day have made Ilakaka irresistible. This is also evident in Ilakaka, because the income tends to go on conspicuous consumption: prostitutes, alcohol and gambling (see Walsh 2002; Walsh 2003). In Ilakaka this is referred to as *mepoka*, which denotes a desire to get rich quickly.<sup>41</sup>

The growing number of male diggers and dealers with large amounts of disposable income has created a demand for prostitutes. While many of the women working in the Ilakaka brothels and bars have migrated there from elsewhere in Madagascar, because of the promise of easy earnings, local Bara women and girls have begun to be drawn into the town. It is clear that the discovery of sapphires has disrupted and transformed social relations in the area; in line with De Boeck's (1998) findings in diamond areas, rural places have been changed in ways that are detrimental to some and beneficial to others. This has created serious social problems within the Bara communities as girls have begun to leave school in order to become prostitutes. In addition, rates of HIV/AIDS and other sexually transmitted diseases are increasing. Consequently, in 2002 the Ministry of Health designated Ilakaka a 'red zone', a term reserved for 'emergency areas'.<sup>42</sup> Since Ilakaka is located on the main Route National 7, there were fears that truck drivers could become infected with HIV/AIDs and spread it throughout Madagascar.<sup>43</sup> The only visible organisation in Ilakaka, the Catholic Relief Services, originally became involved in the area to run a project aimed at preventing cholera. However, by 2001 cholera was under control, even if it was not eradicated. Spurred on by this success, the Catholic Relief Services has now turned its attention to curbing sexually transmitted diseases, including HIV/AIDS.<sup>44</sup>

The negative impact of the sapphire boom is clearly illustrated by its impact on public health, and especially the ways that sapphire mining has resulted in water pollution. Prior to the discovery of sapphires the river in the areas was a key resource for the local community as a source of drinking water, source of irrigation, and for

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<sup>40</sup> Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04.

<sup>41</sup> Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04.

<sup>42</sup> Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04; also see [http://www.catholicrelief.org/our\\_work/where\\_we\\_work/overseas/africa/madagascar/index.cfm](http://www.catholicrelief.org/our_work/where_we_work/overseas/africa/madagascar/index.cfm) (accessed 15 August 2004).

<sup>43</sup> Currently Madagascar has a very low rate of infection, UNAIDs estimates that 0.2-1.2% of the population are living with HIV. See <http://www.unaids.org/en/> (accessed 25.05.06)

<sup>44</sup> Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04; also see [http://www.catholicrelief.org/our\\_work/where\\_we\\_work/overseas/africa/madagascar/zalahy.cfm](http://www.catholicrelief.org/our_work/where_we_work/overseas/africa/madagascar/zalahy.cfm) (accessed 15.08.04)

washing.<sup>45</sup> The impact on the water supply is an example of the social and health problems produced in a context of massive flows of capital through the town; it indicates the ways that the profits made from gem mining and extraction are not used for the benefit of local communities. In Ilakaka, the already poverty stricken miners have to bear the social and environmental costs of mining where profits are extracted for the benefit of elite cliques. For example, since the area is one of porous sandstone, the local water supply has become polluted with the chemicals that the miners use to wash their stones, in preparation for selling them to the gem dealers. The sandstone had ensured that Ilakaka had very pure water, because it acted as a filter, but since the discovery of sapphires people in Ilakaka have started to buy water from the next village, Ranohira. The water trucks come into the town to sell drinking water to those who can afford it.<sup>46</sup> Mining has also impacted on the water supply for agricultural areas. The diggers have diverted the river to areas where they wash the stones, significantly reducing the amount of water running downstream to rice-growing areas, so that large volumes of sand are washed downstream onto the rice fields. As a result, people in Ilakaka are dependent on buying in rice at inflated prices.<sup>47</sup> The problems associated with water pollution are indicative of the ways that globalised networks produce particular dynamics and impacts in specific localities. These globalised networks can generate massive wealth alongside forms of marginalisation, exclusion, violence and poverty.

As a result of the lack of formal controls over Ilakaka, miners have faced significant hazards and threats to their safety and health. Numerous diggers have been buried as the holes and tunnels they were working in have collapsed; since the digging is unregulated, the majority of deaths amongst the miners go unrecorded and unnoticed.<sup>48</sup> According to Dominique Rakotomanga of the International Programme For Elimination of Child Labour, children are often used to mine narrow tunnels where there are regular accidents and children are killed by landslides or collapsing tunnels; the programme has collected some data from ruby mining areas in Antsiranana and Vatomaniry in northern and eastern Madagascar but have as yet not collected any data on children working in the Ilakaka area.<sup>49</sup>

In line with this Ferguson suggests that Africa as characterised by global shadows is also reliant on the symbolic value and actual value of violence (Ferguson, 2006; also see Reno, 1998), the illegal nature of gem mining and trading has created an industry centred on protection and extortion: it is common for dealers to have hired armed protection. The brothels and bars are sites of violence, and are identified as extremely dangerous at night-time, and the violence can easily erupt into shoot-outs between rival gem dealers and their bodyguards.<sup>50</sup> One interview claimed that during

<sup>45</sup> Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04; also see [http://www.catholicrelief.org/our\\_work/where\\_we\\_work/overseas/africa/madagascar/zalahy.cfm](http://www.catholicrelief.org/our_work/where_we_work/overseas/africa/madagascar/zalahy.cfm) (accessed 15.08.04)

<sup>46</sup> Interview with Parfait Randriamampianina, Director of Parks, ANGAP, Antananarivo, 21.08.01; see also 'Blue Dreams in a World of Red Clay', *Financial Times* (18 August 2001).

<sup>47</sup> Interview with Parfait Randriamampianina, Director of Parks, ANGAP, Antananarivo, 21.08.01; see also 'Sapphires in the Sand', *Focus* (August 2000).

<sup>48</sup> Interview with Parfait Randriamampianina, Director of Parks, ANGAP, Antananarivo, 21.08.01; see also 'Blue Dreams in a World of Red Clay', *Financial Times* (18 August 2001); and 'Sapphires in the Sand', *Focus* (August 2000).

<sup>49</sup> Interview with Dominique Rakotomanga, International Programme for Elimination of Child Labour, Antananarivo, 16.03.04.

<sup>50</sup> Interview with Beatrice Olga Randrianarison, STD and AIDS Unit Head, Catholic Relief Services – Madagascar, Antananarivo, 30.03.04; also see

2000 there were numerous incidences of violence in Ilakaka, and the skirmishes had resulted in more police being deployed to the area and the need to ask the army to intervene. He said 'it is like this every day, shooting, like Texas'.<sup>51</sup> This confirms Reno's (1998) argument that players within shadow networks organise their own forms of private protection: a key feature of the shadow state is the development of privatised security that is an alternative to the formal security systems, which are generally understood as being the preserve of the state apparatus (also see Nordstrom, 2004; Ferguson, 2006).

Apart from the political, economic and social impacts of the kind of globalised networks in the gem sector, there have also been environmental consequences. The Wildlife Conservation Society has become concerned about the potential impact of gem stone mining on biodiverse forested areas. As a result they have been part of a lobbying campaign directed at the Government of Madagascar, to identify and designate 'no-go' areas for mining. The campaign has been articulated in terms of the economic value of forested areas as potential sites of ecotourism development. Helen Crowley of the Wildlife Conservation Society (Madagascar) stated that it was important to demonstrate that the forests could be more economically valuable to the people and Government of Madagascar in the long term through their development as protected areas that could become major sources of revenue from tourism. Environmental NGOs in Madagascar have decided that it was best to talk in terms that the mining companies understood, and since they understood the language of the market the best way to persuade the private sector and the Government of Madagascar to conserve biodiverse forest areas is to argue that the forests will be more profitable in the long term if they are conserved.<sup>52</sup>

Conservation International and Wildlife Conservation Society both have 'local chapters' of their organisation based in Madagascar and they are extremely important international NGOs within Madagascar. This is because both NGOs hold seats on the 'Donor Consortium' in Madagascar which includes the World Bank, the Government of Madagascar, World Wide Fund for Nature (WWF), and bilateral donors including Cooperation Suisse, Cooperation Francaise, the German development agency GTZ and the Japanese Government (see Duffy, 2006). This means that they can exercise a great deal of political power within the Donor Consortium, especially when the three international environmental NGOs within the Donor Consortium are able to agree and act in concert. So far it has meant that the Ministry of Water and Forests, the Ministry of Environment and the Ministry of Mining have begun to collaborate together to tackle the problem of unregulated gemstone mining.<sup>53</sup>

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[http://www.catholicrelief.org/our\\_work/where\\_we\\_work/overseas/africa/madagascar/zalahy.cfm](http://www.catholicrelief.org/our_work/where_we_work/overseas/africa/madagascar/zalahy.cfm)

(accessed 15.08.04); interview with Parfait Randriamampianina, Director of Parks, ANGAP, Antananarivo, 21.08.01; pers. comm. Emison Jose, ANGAP guide, Isalo National Park, 25.08.01. Also see, 'Prospectors and Poverty Mar an Island Paradise', *Financial Times* (3 February 2001).

<sup>51</sup> Anonymous interviewee. On my fieldwork visit to Ilakaka in 2004, I witnessed a violent clash involving hundreds of people on the main road; the single police officer sent to deal with it flagged down our vehicle and asked us to take him back to his police station on the grounds that he could not cope and was afraid.

<sup>52</sup> Interview with Dr. Helen Crowley, Country Director, Madagascar Programme, Wildlife Conservation Society, Antananarivo 25.03.04; also see <http://www.conservation.org/xp/gcf/where/> (accessed 22.09.05); [http://wcs.org/sw-around\\_the\\_globe/Africa/Madagascar](http://wcs.org/sw-around_the_globe/Africa/Madagascar) (accessed 16.11.04).

<sup>53</sup> Interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04; also see <http://www.conservation.org/xp/gcf/where/> (accessed 22.09.05); [http://wcs.org/sw-around\\_the\\_globe/Africa/Madagascar](http://wcs.org/sw-around_the_globe/Africa/Madagascar) (accessed 16.11.04).

The map of potential gemstone areas which was produced by USAID in 2004 has been a serious cause for concern amongst the conservation community in Madagascar because it clearly shows that gem areas are contiguous with protected areas and tropical rainforests with high levels of biodiversity. For many conservation NGOs the challenge is to demonstrate to the Malagasy government, donors and private business that ecotourism and the creation of more national parks is financially more sustainable in the long term than exploiting the areas for gems.<sup>54</sup> Furthermore, since new gemstone areas have been identified in key sites of tropical forest in Madagascar, USAID has lobbied hard for the creation of a Joint Committee on Forests and Mining to guide and determine policy towards potential mining areas.<sup>55</sup>

However, the plans to designate no-go areas for mining companies still fails to cover the areas where illicit mining is carried out in areas of high biodiversity and mining in the vicinity of national parks. It is clear that illicit gem mining continues to benefit a narrow section of society in Madagascar, mostly clustered around sections of the political and economic elite (for further discussion see Reno, 1998; Ferguson, 2006). While a few individual gem diggers may derive some economic benefit from the sale of stones within Ilakaka itself, the main beneficiaries are the political and economic elite linked to global networks that trade gems in the international system.

In environmental terms, the geographical position of Ilakaka is significant because it is close to Isalo National Park, a key protected area in Madagascar's conservation sector. The park covers 81,000 hectares and is the country's most important in terms of tourism revenue. It contains numerous different species of lemurs, but a particular attraction is the *verreaux sifaka*, endemic to southern Madagascar. The Parks Department (ANGAP) and other donors involved in the area became concerned about the impact of illegal, unregulated mining and its rapid expansion into the park. One concern is about the damage that the mining will inflict on the area: the ANGAP park managers are worried that once the area is exhausted of gems, the landscape will be left with highly visible and unappealing scars from the mining, which could adversely affect the development of tourism in the park and surrounding area.<sup>56</sup>

The confusion and the rumours surrounding the size and quality of the sapphire deposits are also indicative of the dynamics produced by globalised networks in Ilakaka. Indeed the rumours — which are almost impossible to control at the global level, national level or through initiatives from international financial institutions— have an important impact. The rumours reveal the ways different groups in Ilakaka make sense of and understand the global dynamics that structure and shape their immediate surroundings, especially in terms of understanding what kinds of stones were in high demand. As a result of rumours, the belief spread that the area immediately around Ilakaka had been exhausted of the best sapphires, and that the National Park itself contained bigger stones of even higher quality. Parfait Randriamampianina, the former Director of Isalo National Park, also suggested that the diggers and gem dealers believed that the government knew this, and that was

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<sup>54</sup> Interview with Dr. Helen Crowley, Country Director, Madagascar Programme, Wildlife Conservation Society, Antananarivo 25.03.04; interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04; <http://www.bbc.co.uk>, 'Madagascar Biodiversity Threatened' (16.01.02). Accessed 08.02.02; and Financial Times, 15.05.01, 'Madagascar's jewels of nature under threat'.

<sup>55</sup> Interview with Josoa Razafindretsa, Environmental Policy Specialist, USAID Madagascar, Antananarivo 22.03.04.

<sup>56</sup> Interview with Jose Ravelonandro, Head of Ecotourism Development, Isalo National Park, Ranohira, 29.08.01.



why the area had been gazetted as a National Park in the first place. The illegal miners also believed that he, as the Park Director, knew the location of the biggest and best sapphire deposits. Consequently, his life had been threatened on a number of occasions, and he was transferred to the ANGAP office in the capital as a precaution. Nor were the Malagasy sapphire miners the only problem: as rumours of big deposits spread, foreign tourists were also entering the park with spades and starting to dig for gems. ANGAP responded with a stipulation that all visitors to the park had to be accompanied by a licensed ANGAP guide.<sup>57</sup> This is indicative of the power of invisible networks, or global shadows, that resist and evade attempts to control their activities: the threats and intimidation directed at ANGAP staff demonstrate the confidence with which these shadow networks regard their own power and influence in the local area and even beyond.

### **Conclusion**

To conclude, this article demonstrates that globalisation has had very specific kinds of impacts in Sub-Saharan Africa, and produces integration and wealth in the same locations as it produces exclusion, marginalisation, violence and poverty. Rather than thinking of the negative impacts of illicit mining and transnational trading of gemstones as the ‘attached twin’ of more common understandings of globalisation (see Ferguson, 2006). It is clear that the dynamics and impacts of globalisation are inextricably interlinked and are manifested in the same geographical locations. Through an analysis of the gem sector in Madagascar it is clear that Africa’s participation in globalisation has not just been about ‘joining’ the world economy; instead it has been characterised by highly selective forms of global connection which have been combined with highly visible and very real forms of disconnection and exclusion.

Despite attempts by the central government, supported by global institutions such as the World Bank and USAID to gain control of the gem sector in Madagascar, it is so far proving impossible to gain control and regulate existing illicit mining areas. The Ravalomanana Government claimed a commitment to reducing such forms of corruption but it is clear that they are deeply embedded in and indistinguishable from formal structures of the state apparatus. This in turn is partly due to the strategies of extraversion exercised by sections of the political and economic elite within Madagascar. Clearly the networks in Madagascar that are engaged in the illicit gem trade are reliant on global networks of traffickers and traders. Criminalisation provides substantial benefits for some interest groups and networks that stretch across the formal and informal sectors, which in turn support its continuance. As such, the dependence on strategies of extraversion deeply subvert projects of regulation or governance. Furthermore, it is clear that such strategies of extraversion are highly dependent on global trading networks. This means that it is not helpful to think of corruption, criminalisation or the shadow state as bounded by the territories and structures of specific developing states like Madagascar. Rather it is important to recognise the complex connections between global networks and specific localities. In sum, it is clear that when it comes to globalisation, Africa is indeed an inconvenient case.

**add**

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<sup>57</sup> Interview with Parfait Randriamampianina, Director of Parks, ANGAP, Antananarivo, 21.08.01.

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